

Message Text

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FROM KUTTNER FOR IO/UN/BAPS - PAT JUNK

EO: 11652: N/A

TAGS: OCON UN

SUBJ: 20TH SESSION OF UN STAFF PENSION BOARD

SOME PRINCIPAL DECISIONS REACHED BY PENSION BOARD ARE AS FOLLOWS:

1. MAXIMUM LENGTH OF CONTRIBUTORY SERVICE. ON FEBRUARY 1, 1976, SOME UN STAFF MEMBERS WILL HAVE SERVED FOR OVER THIRTY YEARS. IN RECOGNITION OF THIS SERVICE, BOARD DECIDED RECOMMEND TO GA 30 AS AN INTERMEDIATE STEP, THE LENGTH OF CONTRIBUTORY SERVICE BE RAISED TO 32 YEARS, WITH RATE OF ACCUMULATION IN FINAL TWO YEARS AT ONE PERCENT (OR 1/100) OF FINAL AVERAGE REMUNERATION. COST OF EXTENSION ON THIS BASIS IS ESTIMATED TO BE ABOUT 17 MILLION DOLLARS IN ACTUARIAL LUMP SUM TERMS. ACTUARIAL ADVISERS FEEL THIS BENEFIT WILL NOT SIGNIFICANTLY AFFECT ACTUARIAL BALANCE OF FUND, NOTWITHSTANDING IMBALANCE OF FUND SHOWN BY ACTUARIAL EVALUATION AT DECEMBER 31, 1974.

2. INEQUALITY BETWEEN SEXES. BOARD DECIDED TO FINALLY COMPLETELY ELIMINATE ALL INEQUITIES BETWEEN SEXES. IT WAS AGREED THAT EQUAL TREATMENT SHOULD BE EXTENDED TO WIDOWERS WHOSE FEMALE SPOUSE HAD DIED AFTER THEIR SERVICE WITH UN HAD CEASED. IT WAS ALSO DECIDED THAT THIS BENEFIT SHOULD NOT BE RETROACTIVE AND THAT BENEFITS WOULD CEASE IN CASE OF RE-MARRIAGE. SINCE PRINCIPAL OF EQUALITY OF TREATMENT HAD BEEN ENDORSED BY GA, COSTS OF CHANGES
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WERE NOT CONSIDERED BAR TO ELIMINATION OF THIS ANOMALY.

3. JOINT INSPECTION UNIT. BOARD AGREED IT WOULD BE PREMATURE TO EXPRESS AN OPINION ON DESIRABILITY OF ARRANGING FOR ELIGIBILITY OF INSPECTORS TO PARTICIPATE IN FUND SINCE, AMONG OTHER THINGS, GA WILL AT ITS 31ST SESSION REVIEW CONTINUATION OF JIU. IT ITS REPORT TO GA 30, BOARD WILL POINT OUT THAT INSPECTORS ARE NOT STAFF MEMBERS AND THAT IF FUND PARTICIPATION OPENED TO NON-STAFF MEMBERS, SAME ELEGIBILIGY WOULD HAVE TO BE EXTENDED TO THOSE RENDERING SIMILAR SERVICES TO UN FAMILY OF ORGANIZATIONS. FURTHER THAT AGES OF MEMBERS OF JIU WOULD PERMIT ONLY HALF TO BECOME PARTICIPANTS DUE TO AGE LIMIT OF 60 FOR ENTRY INTO FUND.

4. EMERGENCY FUND. BOARD AGREED THAT FUND SHOULD CONTINUE ON SAME EXPERIMENTAL BASIS FOR ANOTHER YEAR AND WILL SO RECOMMEND TO GA 30. NO ADDITIONAL FUNDS WILL BE REQUESTED.

5. HAVE POUCHED TO YOU COPY OF REPORT OF CONSULTING ACTUARY CONTAINING ACTUARIAL EVALUATION OF FUND AS WELL AS COPY OF REPORT OF COMMITTEE OF ACTUARIES. DEFICIT AT 13TH VALUATION IS 116.6 MILLIONS AS AGAINST 37.5 MILLIONS AT 12TH VALUATION. ACTUARIES FEEL MAJOR REASON FOR INCREASE IN UNBALANCE IS EFFECT OF INFLATIONARY CONDITIONS PREVAILING IN RECENT YEARS, WHICH CAUSED LARGER INCREASES IN PENSIONABLE REMUNERATION THAN HAD BEEN "EXPECTED". COMMITTEE STRONGLY POINTED OUT THAT BECAUSE OF ACTUARIAL SITUATION, NO SIGNIFICANT NEW BENEFITS SHOULD BE MADE NOW, UNLESS NEW FINANCING COULD BE OBTAINED. BOARD TO A CONSIDERABLE EXTENT HEED-ED THIS ADVICE.DALE

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